

# Change and the Heartland

Big issues, bite-sized lessons

How Climate Change Will Affect the Midwest



## Should the Free Market Manage Public Lands?



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Climate change will impact public land that our government maintains for conservation and recreation. The severity of that impact will depend on how well the lands are managed. Right now they are managed from the top down by government employees. Some suggest that opening up management decisions to market forces would benefit the lands and the public, a philosophy called free-market environmentalism (FME).

What are the pros and cons of a free-market approach to public lands management in a changing climate? How might market forces change the character of our public parks?

### Government Manages Many Lands Throughout the Midwest

In the Midwest, the National Park Service manages three national parks (Cuyahoga Valley, Isle Royale, and Voyageurs) and four national lakeshores (Apostle Islands, Indiana Dunes, Pictured Rocks, and Sleeping Bear Dunes). The Park Service also manages the Mississippi National River and Recreation Area, Ozark National Scenic Riverways, and Saint Croix National Scenic River, as well as 23 historic sites and 10 national trails in the region.

The U.S. Forest Service also has a significant presence in the region. It manages three national forests in Michigan, two each in Minnesota and Wisconsin, and one each in Illinois, Indiana, Missouri, and Ohio. It also manages Illinois's Midewin National Tallgrass Prairie.

Finally, the U.S. Fish and Wildlife Service manages national wildlife refuges throughout the region—7 in Illinois, 3 in Indiana, 8 in Iowa, 7 in Michigan, 19 in Minnesota, 9 in Missouri, 4 in Ohio, and 9 in Wisconsin. The federal government also holds some lands in trust for Indian reservations in Iowa and Michigan, and many lands in Minnesota and Wisconsin. These public lands serve a variety of values, including outdoor recreation,

### Key Term

#### Market-Based Solution

Market-based solutions or instruments are also referred to as economic or price-based policy tools. Advocates argue that the free market, property rights, and tort law provide the best tools to preserve the health and sustainability of the environment. This is in contrast to the most common modern approach of proactive environmental legislation.

wildlife and game management, wilderness, scientific research, and public education.

### FME Can Avoid Shortcomings of Government's Top-Down, Command-and-Control Approach

Free-market environmentalism maintains that government land management agencies are imperfect agents, taking actions that serve bureaucratic instead of public interests. For example, agencies will always want to increase their staff and budgets. As a result, they will prefer staff-intensive regulatory policies, known as “command-and-control” systems.

They also prefer solutions that require spending money over policies that leave decisions in the hands of private actors. For example, the U.S. Forest Service hires its own timber cruisers to ascertain the market value of forest tracts instead of using public auctions to find this value.

Top-down government management allows inefficient policies to exist because the political system is influenced by lobbyists in industry and some types

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of nongovernment organizations. These political factors mean that mobilized actors reap economic benefits without paying for the environmental costs of their activity. Polluters don't pay for the harm they inflict on others, logging companies don't pay market prices for their timber leases, mining companies pay almost no royalties, and tourists enjoy subsidized roads, campgrounds, marinas, and other facilities in our national parks and forests.

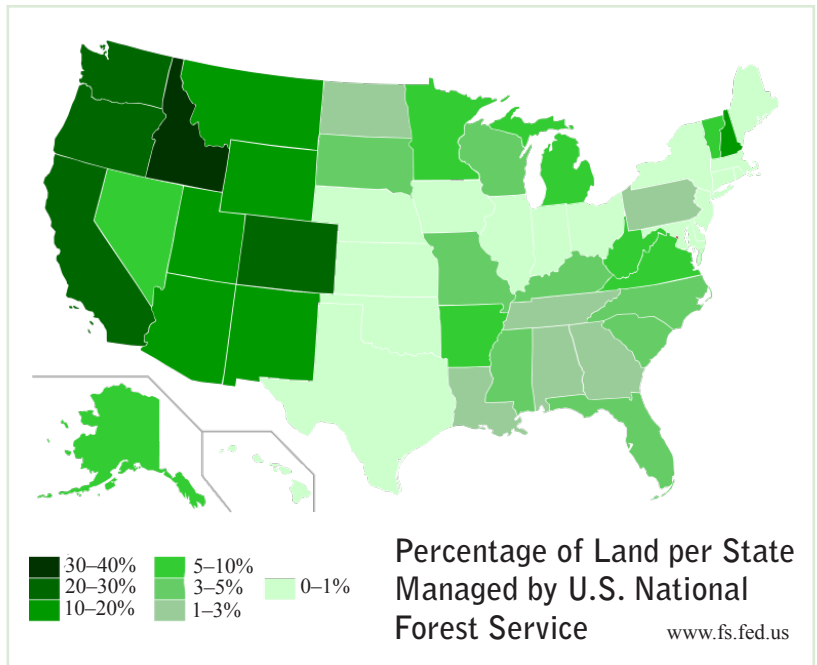
Advocates of FME maintain that the market would be immune to the influence of lobbyists and that many environmental harms could be reduced simply by making people pay for the environmental services they use. FME also suggests that markets can help private actors find lower-cost ways to mitigate the economic damages of climate change.

### **FME May Be Ineffective at Managing Wildlife and Limit the Range of Activities on Public Lands**

While FME could overcome many limitations of government management, it comes with problems of its own. For example, protecting certain wildlife on public lands would be difficult with this approach, and it would likely limit certain recreation opportunities.

FME would be good at protecting species with clear commercial and recreational value, like deer and fish. But it would have a harder time protecting species like songbirds and poison ivy, which have no clear economic use. Unfortunately, ecosystems must be managed holistically, and species with obvious economic value, like deer, may depend on "valueless" species farther down the food chain. As climate change will likely disrupt many of these natural systems, FME may be poorly suited to guide our policy responses. Just like market-based management would favor certain species, it would also favor more commercial forms of recreation, such as recreational vehicles, camping in developed campsites, concessioner businesses, and hunting and fishing. RV campers don't require much land, and they spend much more than backpackers do. Under FME, catering to a diversity of recreational interests may not be economically feasible for public lands managers.

In response, FME advocates might propose privatized protection of habitats and ecosystems, relying on voluntary contributions. Certainly many public land trusts, including the Nature Conservancy, the National Audubon Society, and Ducks Unlimited, protect valuable parcels of land in this way. These trusts are also attractive in that they rely



on voluntarism. People who value nature contribute to these groups and pay for them, while people who do not value them don't pay. Unfortunately, the theory of public goods shows that voluntary provision undersupplies public goods, though various mechanisms have been proposed to solve this problem. From the standpoint of democratic theory one might also wonder who controls these trusts, and to what extent they are representative of the public interest. In general, FME has not yet thought seriously about how majority rule interacts with the free market, especially if the majority favors nonmarket policies.

### **Given Its Pros and Cons, FME Should Be Applied Conscientiously**

The ideological side of free-market environmentalism wants to make markets the solution to all land management problems. This idea does not really follow from sound economic theory, and it ignores the politics behind all policy making. The shortcomings of an FME approach become most evident in the case of noneconomic wildlife and wilderness preservation. The more defensible FME claim is that if government chooses to achieve some environmental goal, it can achieve that goal at least cost by developing market solutions to the problem.

### **About the Researcher**

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